

MINUTES
OF THE
REGULAR MEETING
CLAYTON CITY COUNCIL

TUESDAY, June 2, 2015

1. **CALL TO ORDER & ROLL CALL** –the meeting was called to order at 7:00 p.m. by Vice Mayor Geller in Hoyer Hall, Clayton Community Library, 6125 Clayton Road, Clayton, CA. Councilmembers present: Mayor Shuey (arrived at 8:43 p.m.), Vice Mayor Geller and Councilmembers Diaz and Pierce. Councilmembers absent: Councilmember Haydon. Staff present: City Manager Gary Napper, City Attorney Mala Subramanian, City Clerk/HR Manager Janet Brown, Finance Manager Kevin Mizuno, and Community Development Director Charlie Mullen.

2. **PLEDGE OF ALLEGIANCE** – led by Vice Mayor Geller.

3. **CONSENT CALENDAR**

It was moved by Councilmember Pierce, seconded by Councilmember Diaz, to approve the Consent Calendar as submitted. (Passed; 3-0 vote).

- (a) Approved the minutes of the regular meeting of May 19, 2015.
- (b) Approved Financial Demands and Obligations of the City.
- (c) Adopted Resolution No. 20-2015 clarifying roles and authorities related to performance on Federal Aid Projects and Local Agency contacts.

4. **RECOGNITIONS AND PRESENTATIONS**

- (a) Certificate of Recognition to Travis Credit Union for significant contributions and support of various Clayton community events.

Vice Mayor Geller presented a Certificate of Recognition to Eric Maldonado from Travis Credit Union for its significant monetary contributions and support of various Clayton community events.

Mr. Maldonado (Travis Credit Union) thanked the City Council for the Certificate adding Travis Credit Union was established in 1951 to serve Travis Air Force Base families located in Fairfield, and has proudly been available to provide financial assistance in the communities where branches are located assisting with various community-wide events.

Councilmember Pierce thanked Mr. Maldonado for the contributions made by Travis Credit Union adding that he personally volunteers his time to assist at the various community events in Clayton.

Councilmember Diaz added that Travis Credit Union also contributed and participated in the Clayton Business and Community Association's Clayton Classic Golf Tournament.

5. REPORTS

- (a) Planning Commission – No meeting held.
- (b) Trails and Landscaping Committee – No meeting held.
- (c) City Manager/Staff – No report.
- (d) City Council - Reports from Council liaisons to Regional Committees, Commissions and Boards.

Councilmember Diaz attended Disneyland's Diamond Parade in Anaheim celebrating its 60th Anniversary; Saturday's Concerts in The Grove; the 24th Annual VFW Memorial Day Observance in Clayton; the East Bay Leadership Council; Clayton Business and Community Association's General Meeting; and the Clayton Business and Community Association's 29th Annual Clayton Classic Golf Tournament held at Oakhurst Country Club.

Councilmember Pierce attended a Contra Costa Transportation Authority meeting; the California Transportation Foundation Awards; the Associated Bay Area Governments meeting; Saturday's Concerts in The Grove; the 24th Annual VFW Memorial Day Observance in Clayton; a Metropolitan Transportation Commission meeting; the East Bay Leadership Council dinner; and an East Bay Leadership Council Transportation Task Force meeting.

Vice Mayor Geller attended the Clayton Business and Community Association General meeting; Saturday's Concerts in The Grove; the Clayton/Concord Memorial Day Service, adding thanks to Tamara Steiner and Yesterday's Kids for singing at the event; the Clayton Business and Community Association's 29th Annual Clayton Classic Golf Tournament; and a Clayton Valley Charter High School Seniors 1st Annual Bocce Ball Tournament.

Vice Mayor Geller announced the next Saturday Concerts in The Grove will feature the band, Boys of Summer, an Eagles tribute band. He also noted the recent passing of long time Clayton resident, Joan Culver.

- (e) Other – None.

6. PUBLIC COMMENT ON NON - AGENDA ITEMS – None.

7. PUBLIC HEARINGS – None.

8. ACTION ITEMS

- (a) Consider the Introduction/Presentation of the proposed City of Clayton Budget for Fiscal Year 2015-16 and set the date of Tuesday, June 16, 2015 as the Public hearing for review and adoption of the proposed City Budget.

Finance Manager Kevin Mizuno provided a slideshow presentation of the proposed Fiscal Year 2015-16 City Budget to the City Council. The slideshow included a 5-year history of the City of Clayton Budgets and indicated the proposed total City Budget offers an annual increase of 15.05%. Mr. Mizuno outlined a brief summary of Revenues and Expenditures in the total budget for Fiscal Year 2015-16. He also provided an update to the 2015-16 General Fund Expenditures by department which is consistent with prior year budgets. Mr. Mizuno discussed a 14-year graph of General Fund Revenues noting the adopted General Fund budget gap of almost \$1 million versus a plotted line if the City Budget had merely increased by the annual change in the Consumer Price Index. He went into expenditure details of the nine departments within the general fund City Budget commenting on the underlying reasons for each significant change from the adopted Fiscal Year 2014-15 budget. The California Public Employee Pension Reform Act (PEPRA) mandated employer pension rate changes effective July 1st, 2015, resulting in new fixed CalPERS billings on Police Department Tier 1 members' Unfunded Actuarial Liability (UAL). The Police Department budget experienced further increase by an \$80,000 annual jump in the police dispatch service contract with the City of Concord; there are also merit step increases for eligible police officers.

Mr. Mizuno noted the Library Fund has a reduction in extra and Sunday hours per Contra Costa County budget estimates. Councilmember Pierce asked for further explanation of that decrease in Library hours? City Manager Napper advised the allocation of personnel to the Clayton Library fluctuates by County Library assignment and often there are varying compensation levels of the particular staff which can increase or decrease the City-paid expense for these extra service hours. He emphasized Library hours remain unchanged.

Mr. Mizuno continued his presentation; the FY 2015-16 General Fund Revenue Budget is also consistent with prior adopted budgets. The General Fund status shows that revenues are expected to continue going up in Fiscal Year 2015-16, and the General Fund Reserve position remains comparatively healthy at \$5,227,078 expected on June 30, 2015.

He provided explanation of the Gas Tax Revenue Funds indicating the 2015 Neighborhood Street Project (CIP No. 10424) and the Collector Street Rehab Project (CIP No. 10425) includes rollover funds from the 2014-15 adopted Budget. City Manager Napper clarified the Collector Street Rehab Project is actually federally funded and will involve the eligible arterial street, Keller Ridge Drive from Eagle Peak Avenue to Golden Eagle Way; the City's local match requirement (11%) to this federal street project is \$25,000 from the Gas Tax Fund.

Mr. Mizuno advised the proposed Landscape Maintenance District Budget will incorporate previously-authorized projects from Fiscal Year 2014-15, supported by the Trails and Landscaping Committee, and will include the City Entryways Re-Landscaping.

Vice Mayor Geller asked if the Entryways Re-Landscaping Project funds are hardscape-only improvements carried over from Fiscal Year 2014-15? Mr. Mizuno confirmed they are being carried forward from the last adopted City Budget of 2014-15.

Mr. Mizuno indicated the Capital Equipment replacements planned for Fiscal Year 2015-16 include a new Ford Interceptor SUV Police vehicle (2nd one for the City) consistent with the previous SUV purchased in the 2014-15 Budget; and a replacement of the 1991 Maintenance Tractor which needs to be purchased in the Fiscal Year 2015-16 budget.

Vice Mayor Geller asked if the existing police vehicle is worn-out? City Manager Napper advised vehicles in the Police Department are used a majority of time on patrol, which places high mileage on the engines. Once the vehicles reach a certain mileage of 90,000–95,000, the high-performance engines become less reliable which significantly reduces responsiveness and essential police officer safety factors. The police vehicle rotated out of service is then used as the latest police decoy vehicle.

Vice Mayor Geller asked how the City disposes of old vehicle inventory? City Manager Napper advised the vehicles are usually sent to public auction with sale proceeds deposited into the Capital Equipment Replacement Fund (CERF). Councilmember Diaz added that most law enforcement agencies, including the California Highway Patrol, uses the same mileage criteria in the replacement of patrol vehicles.

Mr. Mizuno continued his presentation regarding Capital Improvement Program's planned expenditures for Fiscal Year 2015-16: the 2015 Neighborhood Street Project (CIP No. 10424), the Collector Street Rehab Project (Federal Funds, CIP Project No. 10425), and a possible 2016 Neighborhood Street Project. He noted in addition to these planned expenditures, the following projects will be funded in Fiscal Year 2015-16 to build up reserves for future project costs; ADA Sidewalk Compliance Program (CIP 10394A), and future Utility Undergrounding (CIP 10397).

Mr. Mizuno noted the status of the City's unfunded CalPERS Tier 1 ("Classic") Side Fund Liability is the amount the City's CalPERS actuarial annually determines is owed, in addition to current payment. In the aggregate (Safety and Misc.), the liability is being amortized (paid down at approximately \$160,000 per year as of Fiscal Year 2014-15) through the City's current CalPERS employer rates; a portion of the employer rate goes to retire this liability. Starting Fiscal Year 2016 CalPERS moved from a "percentage of payroll" to "fixed dollar amount" billing for a public agency's unfunded actuarial liability. This new modification eliminated City reductions realized in Fiscal Years 2013 – 2015 by changes in the employee workforce from the Tier 1 Plan to the less expensive Tier 2 and PEPRAs. The result is short-term cost spikes but overall savings commencing in Fiscal Year 2019 when the Public Safety unfunded liability is paid off and the Miscellaneous Plan unfunded liability is eliminated 2 years later.

Vice Mayor Geller questioned the impacts on financial stability of the City by the Redevelopment Agency dissolution act and the worsening CalPERS situations; are there any protections for the City? City Manager Napper concurred with the

understandable frustrations caused by actions outside the City's control, such as the state of California and the CalPERS Board; it is irritating local government is unable to control its continual exposure to liabilities foisted by the state, particularly when many state legislators came from nearby local government. Recently, the City sent a Mayoral letter protest a legislative bill sponsored by the California Department of Finance which would result in the City's loss of \$1 million in legitimate obligations incurred by the City and its former Redevelopment Agency. As an example of the fluidity of financial matters at the state level impacting cities, Mr. Napper noted there is a CalPERS webinar tomorrow outlining yet another pension methodology aimed at extracting further pension payments from local governments; increased costs and rates for employees and employers is very fluid when it comes to CalPERS.

City Manager Napper added the City experienced similar unfunded liability issues with CalPERS back in 1998 which status caused the City Council to send \$1 million in cash from its reserve fund to pay-off its liability. And here we are today with yet another unfunded liability; the message learned is it is better to keep the money local and pay-down liability over time since CalPERS imposes new formulae and methodologies which invariably result in new unfunded pension liabilities to cities.

Councilmember Pierce thanked Mr. Mizuno for providing a very clear and easy to understand Budget Message and she appreciates the City's transparency. Councilmember Diaz added the clarity is easy to grasp and understand; well managed finances and such controls eliminate surprises. Vice Mayor Geller also added it is refreshing to have a nicely done Budget and Mr. Mizuno being able to provide answers to any questions regarding the Budget.

Vice Mayor Geller opened the floor to receive public comments; no public comments were offered.

It was moved by Councilmember Pierce, seconded by Councilmember Diaz, to set Tuesday, June 16, 2015 at 7:00 pm in Hoyer Hall as the date, time and location of a Public Hearing on the proposed FY 2015-16 City Budget. (Passed; 3-0 vote).

- (b) Continued consideration of two (2) Resolutions authorizing participation in the State of California Property Assessed Clean Energy (PACE) Programs within the city of Clayton, consisting of the CaliforniaFirst and the Figtree Programs.

Community Development Director Mullen provided an update from the request at the previous City Council meeting regarding additional indemnification from CaliforniaFirst and Figtree PACE Programs. The HERO Program modified its contract including additional indemnification of the City by the joint powers authority, and that resulted in the City Council's approval of the HERO Program. The Figtree Program advised it does not subordinate primary loans unless the lender accepts subordination; they will also not provide Joint Power Authority indemnification. Presently, CaliforniaFirst does not indemnify or subordinate on behalf of its JPA Associate members. Mr. Mullen advised a representative from

the CaliforniaFirst program, Jonathan Kelves, is in attendance this evening and is available to answer any questions.

Vice Mayor Geller advised from the last meeting of the City Council he had been looking for more information on subordination.

Mr. Kelves read an excerpt from the FAQ page located on California Statewide Communities Development Authority's website: "Does a public agency incur any liability by being a Program Participant of CSCDA?" "No" is the answer. The bonds issued by CSCDA are limited obligations of the borrower, not CSCDA or the Program Participant. The CSCDA joint powers agreement expressly provides that CSCDA is a public entity separate and apart from the Program Participants, and "its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to the joint powers agreement." The Program Participants are not responsible for any repayment of debt by borrowers, nor are they named in any of the bond documents. The City is only named based on address. Since 1988 there have not been any lawsuits where a participating city has been named.

Councilmember Pierce expressed she does not see this as an issue in the City Council providing this optional funding source to its community.

Vice Mayor Geller asked what happens if a mortgage holder will not subordinate? City Manager Napper advised if the homeowner works with particular PACE company for financing purposes and the conditions are unsatisfactory, the interested home owner may migrate to other PACE programs

Vice Mayor Geller commented if these PACE programs are passed, anyone who uses these companies lenders has no choice. Mr. Kelves advised the PACE Program is not a loan; it is a property tax assessment which constitute a lien paid off by annual property tax bills. City Manager Napper noted the liens run with the land.

Vice Mayor Geller opened the floor to receive public comments; no public comments were offered.

It was moved by Councilmember Pierce, seconded by Councilmember Diaz, to: 1. Adopt Resolution No. 21-2015 authorizing the City of Clayton to participate in the CaliforniaFirst Property Assessed Clean Energy (PACE) program and authorizing the California Statewide Communities Development Authority to accept applications from property owners, conduct contractual assessment proceedings and levy contractual assessments within the incorporated territory of the City of Clayton, and authorizing related actions; 2. Adopt Resolution No. 22-2015 approving associate membership by the City of Clayton in the California Enterprise Development authority and Authorizing and directing the execution of an associate membership agreement relating to associate membership of the City of Clayton in the Authority; and 3. Adopt Resolution No. 23-2015 authorizing the City of Clayton to participate in the FigTree PACE Program and authorizing the California Enterprise Development authority to conduct contractual assessment proceedings and levy contractual assessments within the territory of the City of Clayton, and authorizing related actions. (Passed; 3-0 vote).

- (c) Council Member request for the inclusion of a Classic Car Show to be authorized on the same dates as the previously-approved 2015 Thursday Concerts in The Grove series.

Councilmember Diaz advised the attendance at the Thursday Concerts in The Grove has not been what he has expected it to be and has been considering adding another element to increase the community attendance downtown on the Thursday Concerts evenings. Mr. Diaz made contact with Skipolini's Pizza to inquiry on their perspectives of the addition of a Thursday night classic car show; they were not opposed to the idea, since business has already increased due to the installation of the Bocce Ball courts. Mr. Diaz also made contact with a few car clubs to seek their interest in participation in the Thursday Night Concerts in The Grove series; they are interested. The potential issue is locating a place for the vehicles to be displayed without interfering with businesses that are open during the concerts. Suggested locations are in front of Center Street Deli, over by Endeavor Hall or the parking lot across the street from the Clayton Club.

Councilmember Pierce suggested keeping the vehicles in one location, ideally Main Street; she does not want to take spaces away from businesses and decreases the liability of the City.

Vice Mayor Geller is not opposed to the idea of bringing a car show element to the Thursday Concerts in The Grove; however he has found there are a lot of car shows that have dwindled down in attendance as too many are going on in surrounding areas.

Councilmember Diaz advised he made contact with City Hall staff, Police and Maintenance staff to see if an additional City support services budget is required to include a Car Show in the Thursday Night Concerts in The Grove; it was found to be very minimal.

Councilmember Pierce suggested the use of the City parking lot next to the Clayton Museum as it could accommodate the vehicles and patrons in one location. City Manager Napper commented staff is supportive of the City parking lot as a safer off-street location and the additional parking spots may actually encourage and accommodate more vehicles classic car owners decide to participate in the Thursday Night Concerts in The Grove car show.

Vice Mayor Geller opened the floor to receive public comments; no public comments were offered.

It was moved by Councilmember Pierce, seconded by Councilmember Diaz, to approve the inclusion of a Classic Car Show on the same dates as the previously-approved 2015 Thursday Concerts in The Grove series, with parking to be located in the City parking lot adjacent to the Clayton Museum. (Passed; 3-0 vote).

- (d) City Council discussion of canceling regularly scheduled Council meetings in July, August and/or September 2015 relative to quorum availability and summer vacation plans.

Councilmember Pierce commented the months of June and July are booked with business items. Councilmember Pierce noted she confirmed with Councilmember Haydon that he is available for all meetings in July, August and September, if needed.

Councilmember Diaz advised he is also available for all meetings in July, August and September, if needed. Vice Mayor Geller suggested cancellation of the September 1, 2015 regular City Council meeting. Councilmember Pierce agreed with Vice Mayor Geller to cancel the meeting of September 1, 2015

(Mayor Shuey arrived)

Mayor Shuey advised he is unavailable July 21–31, 2015 and will miss the regular City Council meeting of July 21, 2015.

City Manager Napper indicated in previous years the City Council has cancelled one meeting in August and one in September, as a suggestion.

Vice Mayor Geller opened the floor to receive public comments; no public comments were offered.

It was moved by Councilmember Pierce, seconded by Councilmember Diaz, to cancel the regularly scheduled City Council meetings of August 4, 2015 and September 1, 2015. (Passed; 4-0 vote).

9. **COUNCIL ITEMS** – None.

10. **CLOSED SESSION** – None.

11. **ADJOURNMENT**– on call by Vice Mayor Geller, the City Council adjourned its meeting at 8:46 p.m.

The next regularly scheduled City Council meeting is June 16, 2015.

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Respectfully submitted,



Janet Brown, City Clerk

APPROVED BY CLAYTON CITY COUNCIL


David T. Shuey, Mayor

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